



POWER AUTHORITY OF THE STATE OF NEW YORK
30 SOUTH PEARL STREET
ALBANY, NY 12207

Electric Service Tariff for Full Requirements
Municipal and Rural Electric Cooperative Systems
Firm and Peaking Hydroelectric Wholesale Power Service

Service Tariff No. 38A

Date of Issue: XXXXXXXXXXXXXXXXXXXX

Date Effective: XXXXXXXXXXXXX

Issued by James H. Yates, Senior Vice President
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Table of Contents

To be completed with final version

Schedule of Rates for Firm Hydroelectric Wholesale Power and Energy Service		Leaf No.
I.	Applicability	x
II.	Frequently used Abbreviations and Terms	x
III.	Monthly Rates and Charges	
	A. Monthly Base Rates	x
	B. Minimum Monthly Charge	x
	C. Billing Period	x
	D. Contract Demand	x
	E. NYISO Transmission and Related Charges	x
	F. Taxes and Other Charges	x
IV.	General Provisions	
	A. Character of Service	x
	B. Availability of Energy	x
	C. Adjustment of Rates	x
	D. Delivery	x
	E. Scheduling Procedures	x
	F. Payment by Customer for Firm Hydroelectric Power and Energy	x
	G. Supplementary Provision	x
	H. Rules and Regulations	x
V.	Flow Adjustment Computation (FAC)	x

Date of Issue: XXXXXXXXXXXXXXXXXXXX

Date Effective: XXXXXXXXXXXX

Schedule of Rates for Firm and Peaking Hydroelectric Wholesale Power and Energy Service

I. Applicability

To sale of Niagara Hydroelectric Project firm and peaking wholesale power and energy (as defined below) to full requirements Municipal and Rural Electric Cooperative Systems (as defined below) in New York State.

II. Abbreviations and Terms

A. The following abbreviations are used:

kW	kilowatt(s)
kWh	kilowatt-hour(s)
NYPA	New York Power Authority
NYISO	New York Independent System Operator

B. The term "Authority" means New York Power Authority, an alternative name for the Power Authority of the State of New York.

C. The term "Contract" means an executed contract for the Sale of Firm Hydroelectric Wholesale Power and Energy between Authority and Customer.

D. The term "Customer" means any of the full requirements Municipal and Rural Electric Cooperative Systems located within the State of New York identified as a counter-party in a Contract with Authority.

E. The term "Firm Hydroelectric Wholesale Power" means capacity (kW) from Project, intended to be available at all times except for limitations provided in the Contract(s), the Rules, this Service Tariff or in other contract documents. Firm Power shall not include peaking power.

F. The term "Firm Hydroelectric Wholesale Energy" means energy (kWh) associated with Firm Hydroelectric Wholesale Power.

G. The term "Firm Hydroelectric Peaking Power" means additional capacity (kW) from Project supplied at 12.5% monthly load factor.

H. The term "Firm Hydroelectric Peaking Energy" means energy (kWh) associated with Firm Hydroelectric Peaking Power.

- I. The term "full requirements" means all of a Customer's power and energy requirements. As used in this Service Tariff, a full requirements Customer purchases all of its power and energy requirements from Authority.
- J. The term "Municipal and Rural Electric Cooperative Systems" means an independent electrical distribution systems located in New York State eligible to be served by Authority.
- K. The term "Project" means the Authority's Niagara Hydroelectric Project.
- L. The term "Rules" means Authority's Rules and Regulations for Power Service (Part 454 of Chapter X of Title 21 of the Official Compilation of Codes, Rules and Regulations of the State of New York, 21 NYCRR § 454) as now in effect and as may be later amended from time to time by Authority.
- M. The term "Service Tariff" means this Service Tariff No. 38A.
- N. The Term "Transmission/Distribution Agent" means any entity, generally a transmission or distribution-owning utility, that delivers Authority firm or peaking power and energy for Authority on behalf of Customer.

Date of Issue: XXXXXXXXXXXXXXXXXXXX

Date Effective: XXXXXXXXXXXXX

III. Monthly Rates and Charges

A. Monthly Base Rates

The monthly demand and energy charges paid by Customers to Authority shall be based on the preference power rates charged by Authority, as shown below.

<u>Period</u>	<u>Demand Rate</u> \$/kW-month of billing demand	<u>Energy Rate</u> Mills/kWh
5/1/2008 through 4/30/2009	2.96	4.92

The demand and energy rates set forth above will apply at the Project switchyard and the energy rate shall be subject to a monthly adjustment in accordance with a Flow Adjustment Computation ("FAC") described in Section V.

B. Minimum Monthly Demand Charge

The product of the demand rate set forth above and the billing demand.

C. Minimum Monthly Energy Charge

The product of the energy rate set forth above and the amount of energy allocated under this Service Tariff.

D. Contract Demand

The maximum hydroelectric kilowatts contracted for in the application for electric service, as measured at Authority's generating station switchyards.

E. Billing Demand

The billing demand under this service tariff shall be the lesser of (a) the contract demand, or (b) Customer's highest 30-minute integrated demand measured during the billing period, adjusted for losses.

F. Billing Period

Any period of approximately thirty (30) days, generally ending with the last day of each calendar month.

G. NYISO Transmission and Related Charges ("NYISO Charges")

The Customer shall compensate the Authority for the following NYISO Charges assessed on the Authority for services provided by the NYISO or any successor organization pursuant to its Open Access Transmission Tariff ("OATT") or other tariffs (as the provisions of those tariffs maybe amended and in effect from time to time);

1. Ancillary Services 1 through 6 and any new ancillary services as may be defined and included in the OATT from time to time;
2. Marginal losses;
3. The New York Power Authority Transmission Adjustment Charge ("NTAC");
4. Congestion costs, less any associated grandfathered Transmission Congestion Contracts ("TCCs") as provided in Attachment K of the OATT;
5. Any and all other charges, assessments or other amounts associated with deliveries to Customers or otherwise associated with the Authority's responsibilities as a Load Serving Entity for the Customers that are assessed on the Authority by the NYISO or any successor organization under the provisions of its OATT or under other applicable tariffs; and
6. Any charges assessed on the Authority with respect to service to Customers for facilities needed to maintain reliability and incurred in connection with the NYISO's Comprehensive System Planning Process (or similar reliability-related obligations incurred by NYPA with respect to service to Customers), applicable tariffs or required to be paid by the Authority in accordance with law, whether charged by the NYISO or some other third party.

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NYISO Charges in this section G are in addition to the Authority production charges that are charged to the Customer in accordance with other provisions of this Service Tariff. Any conflicts between this Service Tariff and the Contract (including any amendments or settlements between Customer

and Authority) with respect to any components of the NYISO Charges listed above shall be resolved in favor of the Contract.

H. Resale of Power and Energy

Customer agrees that in reselling power and energy purchased from Authority under this Service Tariff that the benefits of such power and energy will be made available to the extent practicable to all retail consumers located within Customer's service area on a nondiscriminatory basis as may be approved by Authority.

I. Taxes and Other Charges

The charges under this Service Tariff shall be subject to adjustment as Authority deems necessary to recover from Customer any rates, taxes, assessments charged to Authority or any other charges mandated by federal, state and local agencies that are levied on the Authority or that the Authority is required to collect from its customers if and to the extent such rates, charges, taxes or assessments are not recovered by Authority pursuant to another provision of this Service Tariff.

IV. General Provisions

General Provisions for service supplementing or modifying the Rules and Regulations for Power Service and this Service Tariff with regard to deliveries to Customer are as follows:

A. Character of Service

Alternating current, 60 hertz, three-phase or as may be required by Customer.

B. Allocation of Energy

1. For Firm Service

The kilowatt-hours provided to Customer under this Service Tariff shall be the total number of kilowatt-hours recorded on Customer's meter during the billing period, adjusted for losses, multiplied by the ratio of (a) Customer's billing demand under this Service Tariff to (b) Customer's highest 30-minute integrated demand recorded during the billing period, adjusted for losses, such ratio not to exceed one.

2. For Firm Peaking Service

Authority shall normally supply Firm Hydroelectric Peaking Power & Energy to Customer at 12.5 percent (12.5%) monthly load factor. In the event that hydraulic conditions at Authority's hydroelectric generating stations require the Authority to reduce the amount of Firm Hydroelectric Peaking Energy provided to Customer under this Service Tariff to an amount below such normal level, reductions shall be applied to all Customers served under this Service Tariff in proportion to their relative allocations of Firm Hydroelectric Peaking Power and Energy.

The offer of Firm Hydroelectric Peaking Power and Energy for delivery pursuant to Section E below shall fulfill Authority's obligations for purposes of this General Provision whether or not the Firm Hydroelectric Peaking Energy is taken by Customer.

C. Adjustment of Rates

The rates for power and energy contained in this Service Tariff may be revised by Authority from time to time in accordance with the Rules.

D. Adjustment of Charges

1. Transformer Losses

If delivery is made at transmission voltage but metered on the low side of Customer's substation, the meter readings will be adjusted by an amount based on the manufacturer's actual test report for such transformer or for a transformer of similar age and type, or in the absence of such test reports, by two percent to compensate for transformer losses.

2. Power Factor

None. Customer shall maintain a power factor at the point of delivery of not less than 90 percent lagging or leading.

E. Transmission and Delivery Service Charges

Authority's contracts with Transmission/Distribution Agents provide for the use of transmission facilities of Transmission/Distribution Agent including transforming, switching, control and protective equipment necessary or used in the transmission and delivery of the electric power and energy contracted for herein and received by Transmission/Distribution Agent at Authority's established points of delivery to Transmission/Distribution Agents.

Customer will compensate Authority for making delivery of power and energy to Customer by paying to Authority transmission and delivery service charges including compensation for losses in the amount determined by Authority to be necessary to defray the cost of such delivery of power and energy including (a) the cost to Authority of delivery of power and energy pursuant to any wheeling agreement with Authority's Transmission/Distribution Agents, together with any administrative expenses incurred by Authority in connection herewith and (b) where power and energy is delivered either wholly or partially over facilities of Authority, Authority's transmission charge or charges.

F. Construction, Operation and Maintenance of Customer's Power Systems

For purposes herein, Customer's power system shall mean the power system of Customer and of any purchaser, transmitter or distributor designated by Customer to receive or handle the power contracted for herein, and for the purposes of this Provision, Authority's power system shall mean all facilities over which power and energy are delivered to Customer or Customer's Transmission/Distribution Agent(s), whether or not owned by Authority.

Customer shall construct, operate and maintain its power system and/or electrical equipment in a manner which will not interfere with any service supplied from Authority's power system. If, after reasonable notice of an unsatisfactory condition on Customer's power system, which interferes or may interfere with any service supplied from Authority's power system, Customer fails or refuses to cause such changes to be made as may be necessary to eliminate such unsatisfactory condition, Authority may discontinue furnishing electric service to Customer so long as such interference exists. Such a discontinuance of electric service will not relieve Customer of liability for the minimum monthly charges provided for herein during the term said electric service is so discontinued. Nothing in this paragraph shall be construed to render Authority liable for any claims, demands, costs, losses, causes of action, damages, or liability of whatsoever kind or nature arising out of or resulting from the construction, operation or maintenance of Customer's power system.

G. Payment by Customer for Firm and Peaking Hydroelectric Power and Energy

Bills computed under this Service Tariff are due and payable by electronic wire transfer in accordance with the Rules. Such wire transfer shall be made to J P Morgan Chase NY, NY / ABA021000021 / NYPA A/C # 008-030383, unless otherwise indicated in writing by Authority. In the event that there is a dispute on any items of a bill rendered by Authority, Customer shall pay such bill in full. If necessary, any adjustments will be made thereafter.

H. Rules and Regulations

In the event of any inconsistencies, conflicts or differences between the provisions of this Service Tariff and the Rules, the provisions of this Service Tariff shall govern.

V. Flow Adjustment Computation ("FAC")

The energy charges under this Service Tariff and the applicable Service Tariffs associated with the St. Lawrence Hydroelectric Project, in the aggregate, are subject to a credit or surcharge pursuant to a FAC in any rate year following a calendar year for which the Hydroelectric Project Rate Stabilization Reserve ("RSR") is greater than \$+25 million, or less than \$-25 million, respectively. The RSR will be used to ensure rate stability and cost recovery and its level will be determined and any credit or surcharge for the succeeding rate year will be calculated after the prior calendar year's costs and generation levels are known. Any credit or surcharge will be applied on a uniform basis to the monthly billing statements rendered pursuant to this Service Tariff during the succeeding rate year.

The FAC is inapplicable in any rate year succeeding a calendar year at the end of which the RSR is within the \$+25 million to \$-25 million range. If at the end of any calendar year, the RSR is determined to exceed \$+25 million, such excess amount will be credited pro-rata to Customers during the succeeding rate year pursuant to the FAC. If the RSR at the end of any calendar year is determined to be less than \$-25 million, the difference below \$-25 million will be surcharged pro-rata to Customers during the succeeding rate year pursuant to the FAC.

To the extent that there is a balance in the RSR (positive or negative) on the effective date of service under the applicable Agreement(s), arising out of service under a prior agreement for the sale of Project power and energy, that RSR balance shall be carried forward and maintained as the balance as of the effective date of service under the applicable Agreement(s).

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